
BSAI PACIFIC COD TRAWL CV COOPERATIVE PROGRAM

INITIAL REVIEW



ROADMAP FOR PRESENTATION

- Brief history of action thus far
- Summary of strawman alternatives and background section
- An overview of the Elements and Options Section
 - Including highlighting issues and staff assumptions needing Council direction and clarification (Table 2-2 starting on page 52)
- Brief overview of Effects Section



HISTORY OF ACTION

- In December 2020, staff presented an initial review of the analysis
- Council modified purpose and need to include minimizing bycatch to the extent practicable and adjusted several elements and options (Sections 2.2 & 2.4 starting on page 30)
- Major changes to the document since Dec 2020 review are provided in Section 2.3.4 (starting on page 32)



AP DATA REQUESTS

- What is the ownership structure of the non-exempt AFA trawl CVs that are impacted by the blend option? **(First paragraph following Option 2.2.4 (page 161))**
- What are the impacts of the small allocations that do not allow vessels to take a single trip? **(Analysis of Council included minimum threshold option in Element 2 & Table 2-78 on page 153)**
- What is the delivery history of CVs delivering to different processors?
- Non-AFA sector – movement of vessels between onshore on offshore and vice-versa.
- What are the CDQ ownership linkage to BSAI trawl CVs and processors? The question was raised because the analysis did not provide a lot of information on the impacts of the program on the CDQ groups and communities.
- Provide more information on what fishing activities are available to the <60' HAL and Pot vessels if rollovers are not available from the trawl CV sector. **(Table 2-32 on page 93)**
- Describe growth in the total amount of Pacific cod that the sector harvests including the GHL, other groundfish fisheries, IFQ fisheries, CDQ, etc. **(Table 2-16 on page 76 for trawl CV section & Table 2-30 for HAL/pot CV ≤ 60 on page 91)**
- If possible, expand the BSAI cod catch history groupings for the non-AFA exempt vessels with regards to GOA sideboard limits. **(Council modified the sideboard options for non-AFA group so info is provided in Table 2-115 on page 202)**
- More discussion how ICAs function. **(Section 2.7.2 starting on page 52 & Table 2-150 on page 283)**
- Expansion of other limitations for trawl CVs as they move between the BSAI and GOA. **(Section 2.9.4 Effects on Other Groundfish Fisheries starting on page 319)**



SUMMARY OF STRAWMAN ALTERNATIVES

- Alternative 2a: Multiple cooperatives with processor QS but not gear conversion
 - Use 2014-2019 target catch with no drop for allocation (Option 2.2.1)
 - No minimum threshold percentage for eligibility (Element 2.1)
 - Only allocate A and B season, C-season would remain unallocated (Element 2.5)
 - Cooperatives would receive halibut or crab PSC apportionment (Element 3)
 - 10% halibut and crab PSC reduction (Option 3.2)
 - Allocate 15% of harvest shares to processors (Option 5.4.3)
 - 25% set-aside of BSAI A-season harvest for delivery to AI shoreplants (Option 6.1)
 - 5% harvester ownership and use cap (Option 8.1.1) with grandfather provision (Suboption 8.1)
 - 3% vessel use cap with grandfather provision (Option 8.2)
 - 15% processor ownership and use cap (Element 8.3) with grandfather provision
 - 20% processing facility cap (Element 8.4) with grandfather provision based on 2014-2019 history
 - No gear conversion (Element 14)



SUMMARY OF STRAWMAN ALTERNATIVES

- Alternative 2b: Multiple cooperative model
 - Use 2004-2019 target catch with drop 2 years for allocation (Option 2.2.3)
 - Allocate A, B and C season (Element 2.5)
 - Halibut would be apportioned to the trawl CV sector for Pacific cod fishery based on 2004 -2019 average halibut PSC usage (Suboption 3.1), but crab PSC would remain at the TLAS sector level
 - 35% halibut PSC reduction (Option 3.2)
 - No allocation of harvest shares to processors (Element 5.4)
 - Allocate the lesser 5,000 mt or 10% of BSAI trawl CV allocate to AI shoreplants (Option 6.2)
 - 10% harvester ownership and use cap (Option 8.1.1) with grandfather provision
 - 5% vessel use cap with grandfather provision
 - 10% processor ownership and use cap (Element 8.3) with grandfather provision
 - 30% processing facility cap (Element 8.4) with grandfather provision based on 2014-2019 history
 - Gear conversion included (Element 14)



DESCRIPTION OF FISHERIES

- This section provides the necessary background information for the RIR
 - New or revised since December 2020 presentation
 - Management of BSAI trawl CV ICA (Section 2.7.2 on page 52)
 - Reallocations among gear types (Section 2.7.3 starting on page 54)
 - Affected sectors to include pot CV $\geq 60'$ (Section 2.7.7.5 starting on page 94)
 - Community information was updated and CDQ ownership interest relevant to BSAI trawl CVs was added (Section 2.7.9 starting on page 104)
 - Staff will revise Section 2.7.8 Product Composition and Flow of Pacific cod to include information on BSAI Pacific cod production by shorebased processors in the next iteration
 - In general, shorebased processors in the last five years have shifted away from H&G to more value-added products like fillets.



REALLOCATION OF COD

(SECTION 2.7.3 STARTING ON PAGE 54)

- In general, reallocation from inshore sector would be reallocated primarily to other inshore sectors before reallocated to offshore sectors, and secondarily, within a gear type before being reallocated to another gear type
- A-season allocations are usually fully harvested
 - Any remaining A-season is rolled to the next season, so reallocations of A-season are rare
- The one exception is the jig sector where any projected unused portion of the seasonal allowance is required to be reallocated to the HAL/pot CV <60' sector
- NFMS strives to reallocate project unharvested cod to sectors that may be able to harvest these amounts, however the decision process is complex and factor in many considerations
 - Primary consideration is not to reallocate cod from a sector that may have the capacity to catch their allocation
 - Through the decision process and communication with vessel operators and processors, sometimes cod remains uncaught at the end of the year



REALLOCATION OF COD

- Examples of consideration:
 - Jig – determine the jig sector's plans and how much seasonal allocation may be reallocated to the HAL/pot < 60' sector
 - HAL CV \geq 60' – for many years little or no cod directed fishing by this sector and usually all the remaining cod is reallocated to the HAL/pot < 60' sector
 - Pot CV \geq 60' – From 2008-2017, there was large amounts of projected unharvested cod that was reallocated to the HAL/pot < 60' sector and other sectors (mostly pot C/Ps). In recent years projected unused cod has decreased
 - Trawl CV and AFA trawl C/P – depending on remaining TAC near Nov 1, NMFS determines if the two sectors will have remaining C-season cod and what sectors may be able to use the projected unharvested cod.



REALLOCATION OF COD

- Tables 2-5, 2-6, & 2-7 (starting on page 57) show annual reallocation amounts of cod by sector
 - Table 2-5 are sectors that annually reallocated cod (trawl CV, pot CV $\geq 60'$, jig, & HAL CV $\geq 60'$)
 - Trawl CVs on average had the largest portion of reallocation at 43%
 - Table 2-7 is composed of sectors there were net receivers of reallocated cod (HAL C/P, HAL/pot CV $< 60'$, and pot C/P)
 - HAL/pot CV $< 60'$ on average received the largest share at 40%



REALLOCATION OF COD

- Tables 2-8 (starting on page 61) provides trawl CV seasonal cod directed fishing days, initial allocation, reallocation amount, total catch, seasonal allocation revised after reallocation, and remaining seasonal allocation after deducting total catch
 - Seasonal overages and under harvest often occur in the A-season
 - Some of the reasons include incidental catch rates after closure date are higher or lower than projected
 - Catch rates were higher or lower than projected, resulting in closures that are a day or two too late or early
 - Sever weather can slow some vessels but not others which changes to projected catch rates
- Overall, after adjusting for reallocations, the trawl CV sector
 - Tend to finish each year with a small amount of cod unharvested
 - Reallocations occurred during the C-season except 2011 when 1,300 mt was reallocated in May
 - NMFS subtracted cod from A-season and B-season but was not reallocated until C-season in 2015, 2016, and 2019



REALLOCATION OF COD

- Tables 2-9 (page 63) provides annual reallocation of cod from the trawl CV sector to other sectors from 2004 through 2020
 - Largest portion of reallocated cod was to the HAL C/P sector at 41%, which contributed to 38% of this sector's total reallocation
 - Amendment 80 next at 23%, which contributed to 94% of this sector's total reallocation
 - HAL/pot CV < 60' was third at 20%, which contributed to 27% of this sector's total reallocation
 - Primary reason for HAL C/P, Amendment 80, and AFA C/P sectors received reallocation was due to high cod TACs which resulted in CVs being at harvest capacity, so cod was reallocated to C/Ps since they had capacity
 - There were only two secondary reallocations from the AFA C/P sector to the Amendment 80 sector



ANALYSIS OF ELEMENTS AND OPTIONS

- This section includes a detailed analysis of the elements and options
- Table 2-2 starting on starting on page 45 provides a summary of new issues since December 2020 needing Council clarifications and concurrence of staff assumptions



ELEMENT 1 – COOPERATIVE STYLE

- Voluntary harvester cooperative with processor association
 - In December – the Council removed from consideration two cooperative model: AFA and non-AFA due to challenges this cooperative style and how it would integrate with processors if allocated QS
- Voluntary harvester cooperatives selection includes two options for cooperative formation: 1) no limitation on numbers of LLP licenses or % of catch history; 2) 3 eligible LLP licenses
- Harvesters have unlimited discretion to choose any cooperative and may freely move among cooperatives annually
- Association with a licensed processor
 - License processor includes: shoreside, stationary floating processor, mothership, and C/Ps acting as mothership (which would be limited to those authorized to act as mothership in the BSAI trawl CV cod fishery)
 - Option included requires 3 unique LLP license holders to form cooperative using the 10% ownership rule
 - Using addresses as a proxy and 10% rule would result in between 10-11 cooperatives



ELEMENT 2 – ALLOCATION TO LLP LICENSES

- In December, the Council clarified that catch history for allocations will not be considered beyond Dec 31, 2019
 - This approach was deemed clearer and more efficient than including the previous control date or a new control date
- Element 2.1 and 2.2
 - Element 2.2 provides 3 different sets of years for eligibility
 - Eligibility is any LLP license that authorized that vessel's legal landings of targeted trawl CV BSAI Pacific cod during qualifying years
 - Targeted cod catch history during qualifying years would be assigned to the LLP license as QS
 - Trawl CV that hold valid LLP license to use trawl gear in the BSAI but have no QS, they could still harvest cod as incidental catch in other fisheries but could not target cod in the BSAI.



ELEMENT 2.1 – MINIMUM THRESHOLD

- In December, the Council included a new option that would apply a minimum threshold percent range of 0.25% to 1% by LLP license holder for eligibility to receive harvest shares
 - Would not apply to eight non-AFA trawl CV LLP licenses less than 60' MLOA that have AI transferable endorsements
 - Example, at 0.25% threshold, an LLP holder with only one license with less than 0.25% of QS would not qualify for the QS
 - Another example, at 0.25% threshold, but LLP holder has 3 eligible LLP licenses for a total QS of 0.50%, all 3 LLP licenses would qualify even if each of the individual LLP licenses had less than 0.25% QS
 - Analysis considered partial ownership
 - Applying partial ownership could add a significant level of complexity to the eligibility process
 - **Council should clarify if partial ownership of LLP licenses should apply**



ELEMENT 2.1 – MINIMUM THRESHOLD

- Table 2-78 (page 153) provides the number of LLP licenses, average annual qualifying landings (mt), and the remaining LLPs allocation as a % of the original allocation at different minimum threshold percentages by LLP license holder and LLP license
- Effect of removing these non-qualified LLP licenses results in a slight increase in the percent of QS for all remaining LLP licenses
 - Those LLP licenses remaining would receive 1% to 13% more QS depending on qualifying year and drop years



ELEMENT 2.1 – MINIMUM THRESHOLD

- Applying the minimum threshold to LLP licenses rather than holder results in significantly higher number of LLP licenses not qualifying for QS
- The LLP licenses most at risk using this option are those in the lowest two quintile groups shown in Tables 2-79 through Table 2-81 depending on the minimum %
 - Those LLP licenses remaining would receive 2% to 29% more QS depending on qualifying years and drop year options



ELEMENT 2.2 – ALLOCATION TO LLP LICENSES

- Element 2.2 provides 3 different sets of years for eligibility
 - Eligibility is any LLP license that authorized that vessel's legal landings of targeted trawl CV BSAI Pacific cod during qualifying years
 - Targeted cod catch history during qualifying years would be assigned to the LLP license as QS
 - Trawl CV that hold valid LLP license to use trawl gear in the BSAI but have no QS, they could still harvest cod as incidental catch in other fisheries but could not target cod in the BSAI.
- Table 2-79, 2-80, & 2-81 on pages 155-157



ELEMENT 2.2 – ALLOCATION TO LLP LICENSES

- Option 2.2.4 - Blend Allocation
 - Option intended to address BSAI cod AFA sideboard leases within AFA cooperatives via civil contracts
 - Would only apply to those eligible LLP licenses affiliated with AFA vessels restricted by BSAI cod sideboard limits
 - Blend option would not be applied to AFA sideboard exempt vessels and non-AFA vessels
 - LLP licenses on non-exempt AFA CVs at time of implementation would be allocated a portion of the trawl CVs QS using a blend of their AFA 1997 sideboard history and target cod during the qualifying years Options 2.2.1 - 2.2.3
 - Blending processes uses either 50/50, 80/20, and 20/80 ratio
 - It was discovered after publishing analysis that the denominators for the blended options do not match the denominators for non-blended. The blended denominators have since been corrected and blended tables will be updated in the next iteration



ELEMENT 2.2 – ALLOCATION TO LLP LICENSES

- In December 2020, the Council included transferable AI endorsements on non-AFA trawl CV LLP licenses to receive QS
- A transferable AI endorsement authorizes the vessel assigned to the LLP license to legally fish in the AI with trawl gear for cod even though the LLP license lacked an AI area endorsement
- Sept 14, 2009, AM92/82 awarded 8 AI endorsements to non-AFA trawl CV < 60' MLOA LLP licenses
 - These 8 LLP license met the eligibility criteria of harvesting at least 500 mt of cod in the AI parallel cod fishery during 2000 through 2006



ELEMENT 2.2 – ALLOCATION TO LLP LICENSES

- Table 2-83 (page 160) provides annual AI cod target activity from 2004-2019 for LLP licenses using AI transferable endorsement
 - Given the Sept 14, 2009, implementation date for AM92/82, targeted AI cod in the parallel fishery during 2004 to Sept 14, 2009, would not count towards QS
 - Using AI target cod from Sept 15, 2009, to 2019 shows that 5 LLP licenses using the AI transferable endorsement would qualify for QS
 - If AI target cod from 2004 through Sept 14, 2009, were authorized, then all 8 LLP licenses using the AI transferable endorsement would qualify under Option 2.2.3
 - If the Council selected Option 6.2.3, all eight of the LLP licenses would be eligible to join a cooperative and harvest cod allocated to the AI cooperative associated with an AI shoreplant regardless if they qualified for QS in Element 2.2
- Tables 2-84 & 2-85 (pages 160-161) provide distribution of qualified AI transferable endorsements using target catch during qualifying year options with and without qualifying years for AI transferable endorsement



ELEMENTS 2.3 - 2.6

- Element 2.3 addresses stacking of multiple eligible LLP licenses on a vessel
- Element 2.4 - provides direction that each license will be issued BSAI cod CQ based on its share of the BSAI cod QS and CQ would not be designed at the seasonal or subarea level
- Element 2.5 is an option that would only allocate A-season and B-season QS, leaving C-season (15%) as a limited access fishery
 - **The Council may want to remove the first parenthetical limited access statement since it was linked to two cooperative model (AFA/non-AFA) approach that was removed from consideration during the December meeting**
- Element 2.6 addresses management of groundfish species not allocated



ELEMENT 3 – PROHIBITED SPECIES LIMITS

- Element 3 would apportion halibut and crab PSC between trawl CV sector and the AFA C/P sector based on historic use during qualifying years
 - Option 3.1 Crab PSC would remain at the TLAS level
 - Option 3.2 would establish separate halibut and crab PSC limits for the trawl CV sector and reduce PSC limits by 10% to 35%
- Table 2-101 (page 182) provides the percent of halibut PSC apportioned to each sector using the 3 qualifying years
- Table 2-102 (page 183) provides percent of the crab PSC usage for each sector during the 3 qualifying years



ELEMENT 3 – PROHIBITED SPECIES CATCH LIMITS

- Option 3.2 – in addition to apportioning PSC limits to the trawl CV sector, it would also reduce halibut and crab PSC apportionment by 10% to 35% for the trawl CV sector for use in the BSAI cod fishery
- For halibut PSC:
 - At a 10% reduction, a 391 mt trawl limited access apportionment, would yield 339 mt – 344 mt depending on qualifying years
 - Would have constrained the trawl CV sector in 2012 and 2019
 - At a 35% reduction, at 391 mt trawl limited access apportionment, would yield 245 mt – 248 mt depending on qualifying years
 - Would have constrained the trawl CV sector 11 years out 16 years (2004-2019)
- For crab PSC:
 - Most of the crab PSC reductions would likely be non-constraining given the low mortality of the different crab species. The one exception is *C. opilio*, which would have been constrained in the COBLZ in 2014 and 2019 at 10% and 35%



ELEMENT 4 – GOA SIDEBOARDS

- In Dec 2020, the Council modified the proposed GOA sideboards to reduce added complexity and reduce management and enforcement burden
- Option 4.1 - All AFA non-exempt CVs and their LLPs will be sideboarded except for CGOA Rockfish Program based on GOA catch history during qualifying catch years from Element 2
- Table 2-112 (page 199) shows the new calculated sideboard limits for all non-exempt AFA trawl CVs which are lower than the existing sideboard limits
 - Several of the limits are insufficient limits to allow directed fishing
 - A-season 610 pollock, annual 640 pollock, SEO pollock, A and B season WGOA cod, western shallow-water flatfish, CGOA and EGOA deep-water flatfish, EGOA POP
 - Despite aggregate non-exempt history being low and thus sideboard limits, a few vessels do rely on these sideboard fisheries
 - To ease management burden, these limits could be closed to directed fishing via regulation rather NMFS closing annually during harvest specifications



ELEMENT 4 – GOA SIDEBOARDS

- Table 2-113 (page 200) provides the revised halibut PSC sideboard limits
 - In all seasons, halibut PSC limits are lower for both deep and shallow water complexes
 - Three of the seasonal/complex halibut limits are very low and likely insufficient for directed fishing, which would close arrowtooth and rex sole during the 1st season and arrowtooth, rex sole, flathead sole and shallow-water in 4th season
 - Like the groundfish sideboard limits, a few vessels do rely on the sideboard fisheries supported by these low halibut PSC limits



ELEMENT 4 – GOA SIDEBOARDS

Option 4.2 - AFA GOA-exempt CVs and non-AFA CVs sideboard limits

- Would prohibit GOA sideboard exempt AFA CVs and non-AFA CVs from transferring BSAI cod catch history assigned to the LLP license as a condition of benefiting from GOA sideboard exemption
- **Staff recommends removing the reference to AFA before the GOA sideboard exemption statement since both benefit from GOA sideboard exemption**
- **In addition, to be clear that the exemption does not apply to CGOA Rockfish Program sideboard limits for those exempt CVs that qualify for CGOA Rockfish Program, the Council may want to exclude CGOA Rockfish Program sideboard limits from Option 4.2**
- Suboption 4.2.1 would authorize AFA GOA exempt CVs and non-AFA CVs to lease their BSAI cod QS while maintaining their GOA exemption if the LLP license has less than 200 mt, 400 mt, or 600 mt of QS
- Cooperatives would be required to monitor these GOA exempt CVs to ensure they do not lease their CQ unless authorized under Suboption 4.2.1



ELEMENT 4 – GOA SIDEBOARDS

Option 4.2 - AFA GOA-exempt and non-AFA CV sideboard limits

- Table 2-114 and Table 2-115 (page 202) provides vessel count and average percent of BSAI cod QS by qualifying year options for both groups of vessels
 - For AFA GOA-exempt CVs, the count ranges from 12-15 and the percent of QS ranges from 12.3 to 15.5
 - For non-AFA CVs, the count ranges from 14-15 and the percent of QS ranges from 19.2 to 22.4
- Table 2-116 - 2-119 (page 203) provide vessel count and retained catch by GOA fishery for both groups of vessels (Tables 2-118 & 2-119 unfortunately provided the wrong group of vessels and will be revised in the next iteration)
- Table 2-120 and Table 2-121 (pages 205 & 206) show the number of GOA exempt and non-AFA CVs with less than 200 mt, 400 mt, and 600 mt of average allocation under each qualifying catch year options from Element 2



ELEMENT 5 – PROCESSOR AND COMMUNITY PROVISIONS

- Element 5.1 – Program would not create a closed processor class. (page 207)
- Element 5.2 – Establish a limitation on directed trawl CV Pacific cod deliveries to C/Ps acting as a mothership. (page 210)
- Element 5.3 – Limit the CVs that may deliver to the C/P sector. (page 212)
- Element 5.4 -- Allocate harvesting shares to processors based on their processing history during the qualifying period.



ELEMENT 5.1 - NO CLOSED PROCESSOR CLASS

- Any legally permitted shorebased, floating, or true mothership processor may take directed BSAI Pacific cod deliveries from trawl CVs. There is no previous participation requirement. From 10 to 12 processors in these categories took Pacific cod deliveries during the qualifying periods considered.
- Two C/Ps eligible to act as a mothership, as defined in BSAI FMP Amendment 120, may process directed BSAI Pacific cod harvested under the trawl CV sector apportionment.
- There are currently no options to limit True Motherships from entering the Pacific cod fishery or increasing their processing of Pacific cod, if the PCTC provides greater operational flexibility.



ELEMENT 5.2 – LIMIT THE AMOUNT OF PACIFIC COD THAT MAY BE DELIVERED TO C/PS ACTING AS A MOTHERSHIP

- Element 5.2 would establish a combined limit for the two qualified C/Ps. The limit would be calculated using the same qualifying years/criteria established under Element 2.
- Processing limits calculated using the processing history of the two eligible C/Ps would be confidential and may not be reported in this analysis or after the limits are implemented.
- Benefits of the cooperative program will be reduced or eliminated if the two firms compete to take deliveries before the limit is reached.
- Smaller C/P processing limits benefit the shoreside sector and have greater negative impacts on the C/P sector and the CVs that are owned by the C/P sector and the CVs that have limited ability to deliver shoreside.



ELEMENT 5.2 - C/P ACTING AS A MS SIDEBOARD LIMIT

- If the C/P firms cannot agree on how to divide the processing limit, it could result in a race to process the limit and reduce the benefits of the LAPP for those two firms.
- The likelihood of the two firms being able to come to an amicable agreement to divide the processing limit is not known.
- Firms that own CVs (and LLP licenses) would want to be able to take deliveries from their CVs at approximately the same level of CQ assigned to their LLP licenses.
- The firm that contracts with CVs for deliveries and owns LLP licenses, would likely want to maintain those relationships and continue to take deliveries from CVs that delivered to them in the past.
- Independent CV owners whose vessel is not designed to efficiently deliver shoreside could be placed in a weak bargaining position when trying to obtain a market or may need to lease their CQ.



ELEMENT 5.2.1 – SEPARATE C/P PROCESSING LIMITS

- The two eligible C/Ps would have their own processing limit based on the greater of their processing history or the QS assigned to the LLP licenses they own 75%
- One firm would be issued a larger processing limit using processing history and the other a larger limit based on LLP licenses they own.
- Allowing the firm to select their best option would increase the overall limit relative to Element 5.2



ELEMENT 5.3: LIMIT THE NUMBER OF CVS THAT MAY DELIVER TO C/PS

- Option 1 would only allow CVs that are assigned to an LLP license that is 75% owned by a firm that owns an eligible C/P (as of December 31, 2019) to deliver to the C/P sector.
- As many as 10 LLP licenses were owned by three C/P firms that were legally qualified to act as a mothership on December 31, 2019 (the date was after the FR final rule notice was published but before the rule was effective). **(Table 2-126). Note that LLP #24 in the table should not have an asterisk.**
- The total amount of targeted federal Pacific cod non-CDQ catch associated with those LLP licenses is greater than the amount of MS Pacific cod processing associated with the two eligible C/PS.
- Development of Option 2 is needed under Element 5.3 if the Council elects to provide offshore market opportunities to CVs not owned by qualified C/PS as of December 31, 2019.



ELEMENT 5.4: HARVEST QS TO PROCESSORS

- Allocate a percentage of the available harvest quota to processors that took directed BSAI Pacific cod deliveries during the qualifying years. The range considered is 0%, if the Council does not select this option, up to 30% of total available harvest.
- This Option only applies to BS processors if AI processors are granted an allocation under Element 6.2.
- Allocations will be based on the same criteria as established under Element 2 for harvesters.
- Processor owned CVs may only harvest or control an amount of CQ equal to that amount they would have brought into the cooperative absent a processor allocation.



ELEMENT 5.4: HARVEST QS TO PROCESSORS

- The analysis does not estimate an optimal allocation of the harvest shares to processors, because data are not available to make those estimates and the optimal division would likely vary annually.
- A review of literature on this issue was provided.
- The Pacific Council relied on an industry agreement to determine the division of shares in the whiting fishery (20% to processors).



ELEMENT 5.4: HARVEST QS TO PROCESSORS

Table 2-128

Processing Firms	2014-2019 All Seasons	2009-2019 All Seasons	2004-2019 All Seasons
Top 4 firms	72.1%	75.0%	75.5%
Firms 5 - 8	21.3%	19.6%	19.7%
Firms 9 - 12	6.3%	5.1%	4.3%
Bottom 4 to 6 Firms	0.4%	0.3%	0.5%
	2014-2019 A & B Seasons	2009-2019 A & B Seasons	2004-2019 A & B Seasons
Top 4 firms	71.7%	74.6%	75.5%
Firms 5 - 8	21.7%	20.0%	19.7%
Firms 9 - 12	6.3%	5.1%	4.3%
Bottom 4 to 6 Firms	0.3%	0.3%	0.5%



ELEMENT 5.4: HARVEST QS TO PROCESSORS

- Council must define what happens to the history of processors that are no longer defined as a person.
- No criteria for determining the successor in interest was ever developed on the West Coast. The Pacific Council discussed what constituted a business for the purpose of successor in interest. The Pacific Council did state that “transfer of physical assets alone should not be considered a basis for successor in interest. Business relationships such as transfer of the company name and customer base might be reasonable evidence of successor in interest.”
- The value of processing history in determining the sales price was also considered.
- Processors do not have a transferrable license so a new permit will be generated and the QS will be attached to that permit.



ELEMENT 5.4: HARVEST QS TO PROCESSORS

- Processors that do not receive an initial allocation or receive a small allocation of harvest shares may need to offer higher exvessel prices, better delivery terms, or other market incentives to make up for not being able to provide additional quota to attract harvesters.
- These firms may be at a competitive disadvantage which may make it more difficult (increase costs) for new processors to enter the fishery.
- However, new processors have been able to enter the whiting fishery where processors shares were issued on the West Coast.



ELEMENT 6 – ALEUTIAN ISLANDS PROCESSOR PROVISIONS

- Element 6.1 (cooperative set-aside) and Element 6.2 (AI processor allocation) are mutually exclusive and Element 6.2 may not be selected with Element 5.4 (processor allocations). The Council may wish to clarify its intent if Element 5.4 and Element 6.1 are mutually exclusive.
- Element 6.1 would establish a set-aside of 10% - 25% of the A-season trawl CV sector directed BSAI harvest that cooperatives would be allocated for delivery to AI shoreplants.
- Element 6.2 would establish an annual allocation of CQ to AI plant operators or an entity representing the community, equal to the lesser of 5.5% - 10% of the total BSAI trawl CV Pacific cod quota or 5,000 mt. during years the community notifies NMFS a plant will be operating in those communities.



Element 6: AI Processor Provisions

- The Council will need to request that NMFS reimplement regulations removed by vacating Amendment 113 and potentially add new regulations to make the element function as intended.
 - Define the term “Aleutian Islands shoreplant” in regulation.
 - Calculate and define the amount of the AI Pacific cod TAC available as a DFA and the amount that will be available as an ICA.
 - Limit the amount of A-season (from January 20 until April 1) Pacific cod that may be harvested from the AI by vessels that are not delivering CV trawl Pacific cod to the AI shoreplant to ensure the AI TAC is not taken before the cooperatives can finish delivering to the AI plant(s).
 - Require that either the City of Adak or the City of Atka annually notify NMFS of its intent to process AI Pacific cod during the upcoming fishing year in order for the AI CQ reserve to be effective in the upcoming fishing year.



Element 6.1: AI Processor Set-Aside

- Table 2-130 shows the set-aside amount that would have resulted considering A-season TACs from 2003-2020.
- There is currently no requirement that a specific amount of PSC is reserved for use in the AI fishery.
- A 10% set-aside would have ranged from 2,028 mt to 3,812 mt, with an average of 3,088 mt and a standard deviation of 525 mt.
- A 25% set-aside would have ranged from 5,069 mt to 9,493 mt, with an average of 7,721 mt and a standard deviation of 1,313 mt



Element 6.2: AI Processor Allocation

- Element 6.2 would allocate the lesser of 5,000 mt or from 5.5% to 10% of the annual CQ issued to either AI plant operators or an entity representing the community.
- NMFS would hold the underlying QS and only allocate annual CQ based on whether the community representative submitted a timely application indicating the plant would be operational and processing Pacific cod that year.
- The plant/community would then assign CQ to cooperative vessels to harvest AI Pacific cod and deliver the fish to the AI shoreplant.
- Adak or Atka may withdraw its intent to operate during the season and any unused quota would be reissued to the other AI shoreplant in years that two communities file an intent to operate or to the other PCTC cooperatives in years only one AI plant was active. There is no other reallocation timeline established if the AI plant is unable to use all of its CQ as there was under Amendment 113.
- If no AI community files an intent to operate for an upcoming fishing year the CQ derived from NMFS held QS is issued to other QS holders in the same proportion as their initial allocation.



Element 6.2: AI Processor Allocation

- Table 2-131 shows the AI plant/community allocation that would have resulted considering BSAI TACs from 2003-2020. The smaller of the percentage or 5,000 mt would be allocated.
- Because PSC is apportioned at the same percentage that CQ is allocated the AI plant would apportioned a pro-rata share of the PSC.
- A 5.5% allocation would have ranged from 1,507 mt to 2,833 mt, with an average of 2,295 mt and a standard deviation of 390 mt.
- A 10% set-aside would have ranged from 2,740 mt to 5,151 mt, with an average of 4,173 mt and a standard deviation of 710 mt



Element 6.2.3 - AI Small Vessel Provisions

- This provision would require the AI plant(s) to set-aside 10% to 50% of their allocation for harvest by trawl CVs that are <60' LOA.
- The 8 LLP licenses with the transferable AI endorsements are the only LLP licenses with a <60' endorsement. However, the downgrade provisions of the LLP license program would allow any LLP license with an AI trawl endorsement to be fished on a vessel <60' LOA.
- The vessels with the 8 transferable endorsements appear to have the harvesting capacity to catch the 50% set-aside based on past CPUE. The amount of Pacific cod available to them would be much larger than their combined initial allocation based on their own catch history as shown under Element 2.
- Providing the <60' trawl vessels with exclusive access to the AI processor allocation increases the small vessels market power and decreases the AI plants market power when negotiating delivery terms and conditions.



ELEMENT 7.1: TRANSFERS OF QS ASSIGNED TO LLP LICENSES

- QS based on catch history is assigned is to LLP groundfish licenses. Once assigned to the LLP license the QS may not be severed from the LLP license, unless the Council selects the 90-day option for AFA non-exempt vessels to transfer QS between LLP licenses.(page 236)
 - For LLP licenses with several AI trawl endorsement (<60'), the QS would be non-severable from the endorsement and could be transferred to LLP licenses that meet the size constraints placed on use of the endorsement. This could result in leasing of the endorsement, but the QS amounts associated with those endorsements is relatively small.
- Selling an LLP license transfers the QS along with the LLP license.
 - Any person eligible to purchase an LLP license may purchase an LLP license and the QS initially assigned to the LLP license.
 - A person may hold a maximum of 10 LLP groundfish licenses.
 - Ownership caps established under Element 8 could further limit the number of LLP licenses that may be held by a person.
- The option to allow transfers of QS for LLP licenses associated with the non-exempt AFA CVs during a 90-day window starting after publishing of final rule raises some questions
 - Final rules are not typically effective until 30 days after publication
 - Assumes individual QS units may only be transferred one-time
 - Transfer could be divided between more than one LLP license
 - NMFS will further develop a description of the transfer application and timing for next iteration



ELEMENT 7.2: HARVEST QS ISSUED TO PROCESSORS

- Element 7.2 creates a new permit for processors which processor allocations of harvest shares would be issued (**page 238**)
- NMFS would issue a BSAI Pacific cod processor harvest share permit to a processor and assign QS units to the permit. The permit would be durable for the life of the program.
 - QS would be non-several (except in case of exceeding ownership cap)
 - Permit could be transferred with all QS if buyer meets the criteria set by Council
 - Permits assigned to shoreside processors can only be transferred to other shoreside processors
 - Provision does not include any requirement that processor buying the permit intends to operate in BSAI or has any history processing trawl caught cod from BSAI
 - If Council wanted to ensure that QS was held and processed by shoreplants that have capability, it could consider requiring that permit is held by shoreside processor that will process the fish
 - On annual basis, holder of permit would be issued CQ that could be transfer to a CV operator within a cooperative
 - CV operator could be affiliated with processing plant, but may not harvest more CQ then brought into cooperative based on CQ assigned to the LLP license



ELEMENT 7.3 AND 7.4: TRANSFERS OF CQ BETWEEN COOPERATIVES

- Element 7.3 addresses transfers of CQ between cooperatives, which may be transferred between cooperative with approval from NMFS as is done in other cooperative programs.
- Element 7.4 addresses post delivery transfers of CQ, which if a cooperative limit is exceeded, the cooperative may agree to a transfer with another cooperative to cover any harvest overages the transfers must be completed by the end of the year to avoid potential sanctions.



ELEMENT 8.1: HARVESTER-ISSUED QS/CQ CAPS A PERSON MAY HOLD/USE

- Options are no person may hold or use more than 5% - 10% of CQ with an option to grandfather

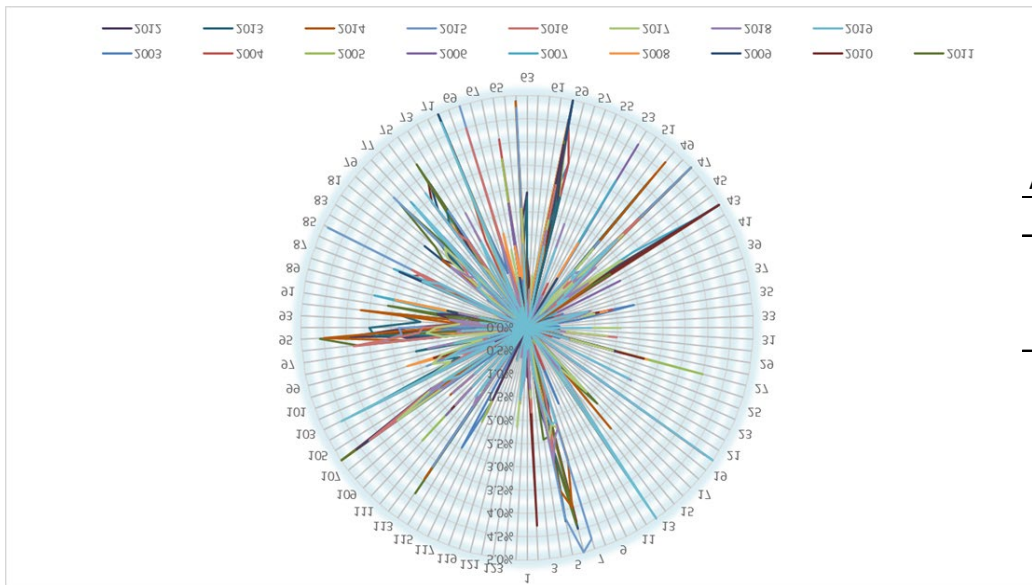
Percent of BSAI Pacific cod catch	Option 2.2.1		Option 2.2.2		Option 2.2.3	
	Sum of LLP license holders not grandfathered	Sum of LLP license holders grandfathered	Sum of LLP license holders not grandfathered	Sum of LLP license holders grandfathered	Sum of LLP license holders not grandfathered	Sum of LLP license holders grandfathered
0-1%	19	24	21	25	25	25
1-2%	28	15	32	14	34	16
2-3%	32	11	35	11	39	11
3-4%	36	7	40	6	44	6
4-5%	37	6	40	6	44	6
5-6%	39	4	41	5	45	5
6-7%	39	4	42	4	46	4
7-8%	40	3	43	3	46	4
8-9%	40	3	44	2	48	2
9-10%	41	2	44	2	48	2
10-11%	43	0	45	1	49	1
11-12%	43	0	46	0	50	0

Table 2-135 p. 247



ELEMENT 8.2: VESSEL HARVESTING USE CAPS

- Options for vessel use caps range from 3% to 5% of the total CQ (both CQ derived from LLP licenses and processor permits) with option to grandfather
 - At 3%, the fishery could be harvested by a minimum of 34 vessels which provides some consolidation
 - At 5%, the fishery could be harvested by a minimum of 20 vessels which provides a greater level of consolidation relative to 3%



Annual count of CVs over the cap 2003 - 2019

Vessel Cap	Max	Min	Average
3%	14	2	9
4%	11	0	4
5%	4	0	1



Figure 2-13



ELEMENT 8.3: PROCESSOR ISSUED COOPERATIVE SHARES.

- Options are 15% to 20% of the harvest shares issued to processors, with an option to grandfather processors.
- May wish to consider exempting AI shoreplants.
- The top four processing firms account for about 75% of the targeted BSAI trawl CV Pacific cod processing history during the qualifying years considered or about 18% to 19% per firm on average.



Table 2-137 p. 252



ELEMENT 8.4: PROCESSING FACILITY CAP.

- Options under consideration range from 20% to 30%
- Average percentage of BSAI Pacific cod delivered by trawl CVs to the top three processing facilities, range from 14.2% to 23.0%. At least one facility took deliveries of more than the average.
- Could prevent a firm that operates more than one plant from consolidating its BSAI Pacific cod operations.
- May wish to consider an exemption for the AI plant in years only one plant operates.

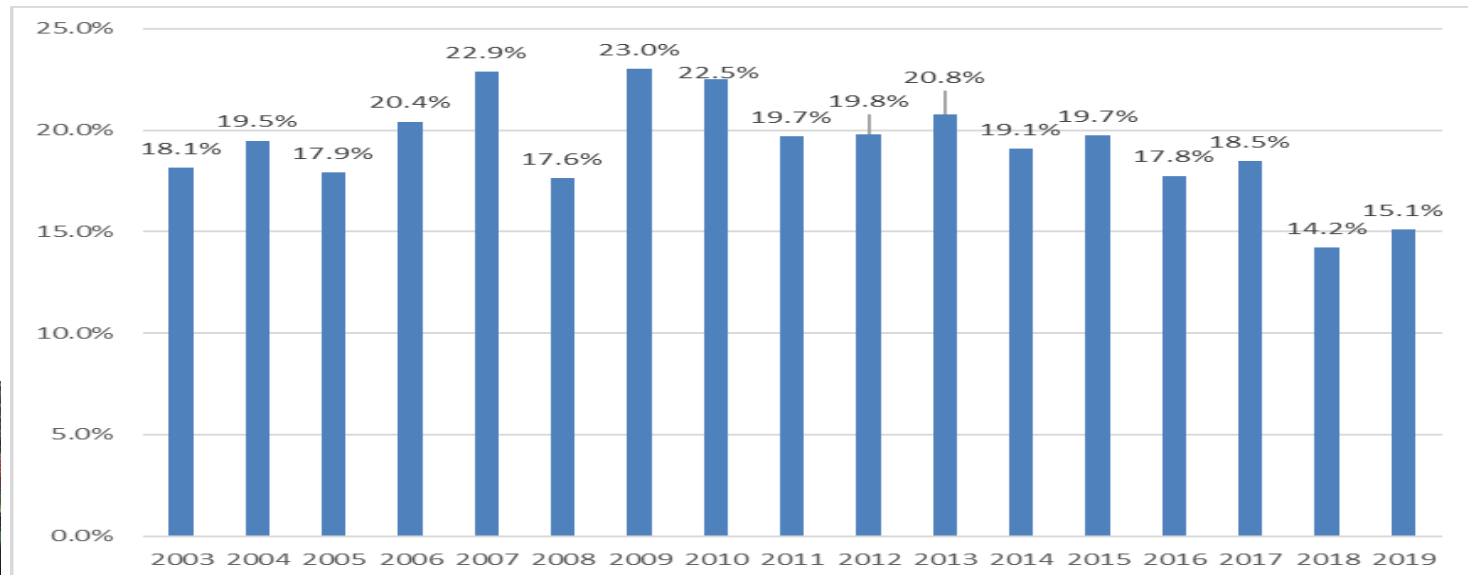


Figure 2-16 p. 253



ELEMENT 9 – COOPERATIVE PROVISIONS

- Each cooperative would be required to file an annual cooperative application to receive annual allocation
 - NMFS recommends applications be submitted by Nov 1 to Regional Administrator
 - Provides time for RAM to process applications (AM80 are due Nov 1 and AFA are due Dec 1)
- Cooperatives are formed by qualified LLP licenses with QS
 - Each qualified LLP license may be assigned to one cooperative
 - A vessel designated on a qualified LLP license is a member of that license's cooperative
 - Vessels not designated on a qualified LLP license and not utilizing gear conversion may not join a cooperative
 - Cooperatives are intended for coordinating harvest activities of members and are not FCMA
 - Each cooperative will receive annual CQ of cod and apportionments of halibut and crab PSC (if halibut and crab PSC limits are first apportioned between the trawl CV and AFA C/P sectors)



ELEMENT 10 – SHARE DURATION

- MSA Section 303A states that LAPP permit is limited to not more than 10 years, that will be renewed prior to expiration, unless revoked, limited or modified
- NMFS would renew permits under the proposed action without Council initiating a formal analysis to reauthorized the program



ELEMENT 11 – MONITORING

Element 11 (Section 2.8.11) begins on page 256 of the Analysis

- Monitoring objectives under a catch share program:
 - Ensure compliance with monitoring regulations governing the fishery;
 - Reliable and authoritative record of quota harvested;
 - Harvest and PSC data must be timely and accessible;
 - Management programs with transferable PSC allocations to cooperatives require additional monitoring
- **The council motion specified a goal that all vessels in the PCTC program will be in the full coverage category. NMFS concurs with this recommendation as it would be necessary to monitor at-sea discards and obtain data to manage transferable PSC limits.**
- Monitoring requirements for proposed PCTC program:
 - Full observer coverage;
 - Full retention of all allocated groundfish species;
 - After sampling is completed by an observer, discard all PSC;
 - Computer with ATLAS and at-sea transmission capabilities;
 - Require completion and submission of logbook;
 - Deliver all catch to a processor with a NMFS certified scale



ELEMENT 12 – REPORTING AND PROGRAM REVIEW

- Annual Cooperative Reporting
 - Annual cooperative report must comply with Paperwork Reduction Act (PRA)
 - Cooperative reports are a resource for the Council to track the effectiveness of the cooperative and their ability to meet the Council's goals
 - Cooperative reports also allow the cooperative to provide feedback to the Council
 - Table starting on page 265 includes summary of current reporting requirements for existing cooperative reports along with PRA authorized information
- Program Review
 - Via the Magnuson-Stevens Act, a formal detailed program review would be undertaken 5 years after implementation, with additional reviews, at a minimum, each 7 years thereafter



ELEMENT 13: COST RECOVERY

- Section 304(d)(2) of the Magnuson-Stevens Act authorizes and requires NMFS to recover the actual costs directly related to the management, data collection, and enforcement of any LAPP up to 3% of the exvessel value of the allocated species.
- To maintain consistency across cod trawl standard prices, to prevent a one-year lag, and to reduce staff time spent on calculating standard prices; NMFS recommends using existing cod ex-vessel volume and value reports which are component of Amendment 80 and CDQ groundfish cost recovery programs for the PCTC Program cost recovery



ELEMENT 14: GEAR CONVERSION

- Allows BSAI Pacific cod trawl CV CQ to be harvested using pot gear.
 - Trawl CVs that are members of the cooperative.
 - Allow pot CVs to be associated with the cooperative and harvest CQ.
- The vessel would not be required to have a pot gear endorsement on the LLP license, but the vessel would be required to have an area endorsement for the area (BS or AI)
- Based on the 2021 LLP license file, there are 50 CV LLP licenses that are endorsed to fish in the BS or AI for Pacific cod with pot gear. A total of 47 LLP licenses are only endorsed for the BS, two are endorsed for both the BS and AI, and one is only endorsed in the AI.
- None of the trawl CV LLP licenses with an AI or BS area endorsement have a Pacific cod pot gear endorsement in the BS or AI.



ELEMENT 14: GEAR CONVERSION

- Because motion does not require an LLP license to have a Pacific cod pot gear endorsement, any LLP license not subject to other use restrictions (e.g. being used on a C/P) could be eligible to join a cooperative if given harvest access to CQ
- Table 2-142 show the number of LLP licenses with gear endorsements by area
 - Some C/Ps could not participate since they are AFA C/P or Amendment 80
 - Table shows there are hundreds of LLP licenses that could potentially be used in the PCTC Program to fish with pot gear



ELEMENT 14: GEAR CONVERSION

- The number of vessels that will use gear conversions provision is unknown
- It is assumed that most trawl CVs will continue to harvest their own CQ or lease it to another trawl CV
- Lease to vessels using pot gear may be most likely to occur when an initial CQ holder:
 - Also owns a vessel that fishes with pot gear
 - Has a close association with a vessel operator that used pot gear
 - Derives greater economic benefit from leasing to vessel using pot gear compared to a trawl CV
 - Has a small allocation that would not allow for trawl trip
 - Halibut PSC limits are anticipated to constrain the harvest of cod by trawl CVs



ELEMENT 14: GEAR CONVERSION

- For in-season management to correctly account for PCTC Program landings it will be necessary to establish a notification to identify whether a vessel is in a PCTC cooperative and what gear is being used
- Enforcement would need documentation of whether a vessel may legally fish cooperative CQ with pot gear
- BSAI cod catch by a vessel using trawl or pot gear when fishing in the PCTC Program cooperative would be deducted from that cooperative's allocation
- If a vessel using pot gear not fishing in the PCTC Program, vessel would be required to have pot gear endorsement on LLP license to fish in a BSAI cod pot gear fishery
- Since sector allocations are not altered in this gear conversion element, quota cannot be permanently converted to pot sector allocations



ELEMENT 14: GEAR CONVERSION

- Allowing quota holders to utilize pot gear may provide greater flexibility for cooperatives to reduce halibut PSC
- Table 2-143 and 2-144 provide summary of PSC mortality in the BSAI cod fishery for trawl CV and pot CV $\geq 60'$ sectors
- Table 2-145 provides annual and average bycatch rates of crab species for non-pelagic trawl and pot gears
- Pot gear has a lower halibut mortality and rate, but higher crab mortality and bycatch rate
- No halibut PSC mortality is assigned to pot gear (currently exempt from halibut PSC limits). Pot gear DMR for halibut is calculated at 27%).



ELEMENT 14: GEAR CONVERSION

- The Council needs to determine if vessels taking Pacific cod trips using pot gear will have different monitoring requirements than trawl vessels. Typically, trawl LAPPs in Alaska waters require that CVs have 100 percent observer coverage to accurately account for quota harvest. Whether these same monitoring provisions will apply to vessels using pot gear is a decision that needs to be addressed.
- Electronic monitoring (EM) could possibly be available for pot vessels prior to an EM program for the trawl sector. There remains a lot of uncertainty regarding the timing of when the EM programs will be fully implemented.
- See Section 2.7.11 for more detailed information on monitoring and enforcement for the proposed PCTC.



ELEMENT 14: GEAR CONVERSION

- Gear conversion could have implications on where fishing occurs in terms of State or Federal waters, including potential interactions with vessels currently utilizing pot and HAL gear.
- Gear interactions may be greatest (based on past years distribution of Pacific cod) in the BS area North of Unimak Island where vessels focus their fishing effort when Pacific cod congregate.



ELEMENT 14: GEAR CONVERSION

- The species composition of landings in the directed Pacific cod fishery differs between vessels using pot gear and vessels using trawl gear.
 - Pot gear tends to be more selective with the groundfish catch being almost all Pacific cod. The discard mortality rates of some species taken as incidental catch in the pot fishery is also lower than in the trawl fishery.
 - Trawl gear vessels tend to have higher incidental catches of flatfish and pollock, in the Pacific cod fishery.



ELEMENT 14: GEAR CONVERSION

- If the PCTC Program CQ is harvested with pot gear it may only be harvested by CVs deploying pot gear.
- CVs that are less than 60' LOA and greater than or equal to 60' LOA could be allowed to use pot gear to harvest CQ with approval from a cooperative, even though those two classes of pot gear vessels fish off different allocations in their directed Pacific cod fishery.
- The Council clarified that the fishery would operate under trawl season dates, which means a January 20 start date.



SUMMARY OF EFFECTS OF ALTERNATIVES

- Information in this section is presented as a general summary of the impacts on various sectors
- Additional information and more detailed comparisons of impacts by alternative will be provided after the Council selects a PPA



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Harvest participation and fishing practices

- Consolidation of the fleet size is likely under both strawman alternatives
 - Less under Alternative 2b than Alternative 2a given more restrictive ownership and use caps
- Harvest of the trawl CV allocation would likely increase, leading to higher gross revenue per vessel and per-vessel profits,
 - Alternative 2b would likely be greater relative to Alternative 2a since C-season cod is allocated to cooperatives
- Bycatch avoidance, ease in transferring harvest privileges, and potential use of pot gear, may lead to changes in the geographic distribution and timing of harvest
- Harvests will continue to be highly influenced by the timing and location of spawning aggregations
- Strawman alternatives will improve safety conditions
- Reallocations of cod from the trawl CV sector to other sectors would be reduced under alternative 2b relative to alternative 2a due to C-season allocation, gear conversion, and benefits of cooperative management



SUMMARY OF EFFECTS OF ALTERNATIVES

- **Bycatch (PSC and Groundfish)**
- Cooperative fishing would likely provide flexibility to avoid periods of high bycatch rates, changes in gear configuration, and elimination of night fishing
- Alternative 2a would reduce PSC by 10%, which is likely not to constrain the cooperatives
- Alternative 2b would reduce halibut PSC by 35%, which could constrain the cooperatives
- Rely on an ICA to account for incidental catch of BSAI Pacific cod while directed fishing for other non-Pacific cod groundfish fisheries
 - There is the potential that cooperative vessels could intentionally top off on incidental catch of Pacific cod while targeting other groundfish fisheries
 - If incidental catch of BSAI Pacific cod by cooperative vessels increases, there is the potential that the BSAI Pacific cod allocations to the cooperatives will be reduced to accommodate a larger ICA



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Other Groundfish Fisheries

- Alternative 2a and 2b would revise current AFA non-exempt sideboard limits for all AFA non-exempt trawl CVs and LLP licenses
 - Both alternatives revised GOA sideboard limits are lower than existing sideboard limit due to limited historical fishing by the non-exempt CVs
 - Some sideboard limits maybe insufficient for a directed fishery
- For exempt AFA and non-AFA CVs, both alternatives would exempt these sectors from GOA sideboard limits and as a result of this exemption they cannot lease their BSAI QS
 - Would rely on cooperatives to ensure they do not lease their BSAI Pacific cod CQ
 - Suboption to allow leasing of BSAI QS while also exempt from GOA sideboard limits
 - At 200 mt or less of BSAI QS, 8 CVs would qualify to lease BSAI QS
 - At 600 mt or less of BSAI QS, 23 CVs would qualify to lease BSAI QS
 - Despite the suboption, could still negatively impact vessels that do not participate in the GOA fisheries since they would be restricted from leasing their BSAI QS



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Other Groundfish Fisheries

- Impacts of Alt 2a and 2b on existing participants in other TLAS fisheries is likely limited to mostly yellowfin sole
 - Holders of the 8 LLP licenses that authorize yellowfin sole deliveries that are also eligible for BSAI cod QS could utilize cooperative management to expand harvest of yellowfin sole
 - However, given both the trawl CV sector and AFA C/P sector will be cooperatively managed, the case for sideboards to protect historical harvest is not clear since both groups enjoy the advantage of cooperative management
 - The absence of an inshore market for BSAI yellowfin sole also makes the need for sideboard limits unnecessary at this time
- The Council may want to consider removing BSAI Pacific cod sideboard limits for the AFA CV sector as part of the PCTC Program since the trawl CV cod allocation will be fully allocated to cooperatives and an ICA



SUMMARY OF EFFECTS OF ALTERNATIVES

- **Impacts on Shorebased, Floating, and True Mothership Processors**
 - Increased cost for raw fish because harvesters are allocated QS
 - Potential regional shifts in landings under the control of processors
 - Potentially increase in the processed value of bycatch species taken incidentally to the Pacific cod target fishery, because processors have more time to process the catch and better match production capacity to the amount of fish available
 - Lower cost of production in the Pacific cod fishery could occur due to better timing of deliveries, longer season length, and increased harvest and better utilization of processing capital to improve the Pacific cod production.
 - Consolidation could occur across shoreside processing firms or within firms, reducing total capital costs and improving technical efficiencies



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Impacts on C/Ps

- Maintaining C/P endorsements to act as a MS will likely give these entities some certainty over delivery volumes, depending on agreements within that sector and the level of the processing limits are imposed on the sector.
- The amount of processing capacity in the fishery is expected to remain the same. The cost of processing Pacific cod may decline because of increased season length and the ability to participate so that deliveries are timed to better match production capacity.
- Improving the technical efficiency within this sector is dependent on whether the two firms are able to reach an agreement on how to divide any processing limits if a single processing limit is imposed. If a processing limit is established for each firm, the impacts will depend on how constraining the limit is for the firm.



SUMMARY OF EFFECTS OF ALTERNATIVES

- **Impacts on Consumers and Nation**

- The effects on consumers of the different PCTC program action alternatives are likely to be greater than the status quo but be very similar across LAPP options since they provide the opportunity to provide higher quality and more diverse products.
- The greatest change in net benefits to the Nation will result from the Council selecting a version of the PCTC to replace the current management structure that will increase both consumer and producer surplus (lower costs of production and greater product values - all else being equal).



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Impacts on Safety

- Management of the BSAI trawl CV Pacific cod fishery under the PCTC Program is expected to extend the A-season season allowing vessel operators to fish under better weather conditions, reduce conflicts with other fisheries/gears, and reduce crowding on the grounds.
- The B-season (April 1 through June 10) and C-season (under Alternative 2b) could also be timed to fish when weather is better.
- The C-season (June 10 to November 1) would not be included under Alternative 2a of the PCTC Program, but effort during that season is relatively small and vessels could still time their fishing to avoid bad weather.
- A person's allocation will not be jeopardized by decisions to delay fishing to reduce safety risks
- Incentives may exist for persons to fish in inclement weather (i.e., market opportunities, delivery schedules, and operational cost savings).



SUMMARY OF EFFECTS OF ALTERNATIVES

- **Effects on Fishing Communities**

- Modifications to Section 2.7.9 Fishing Communities (begins on page 104)
 - **New community detail on trawl CV AI shoreside or BSAI CP as MS deliveries**
 - CVs delivering to AI shoreside/shore-based/floating processors (Tables 2-52, 2-53, and 2-54, pages 114-117)
 - CVs delivering to BSAI CPs acting as motherships (Table 2-55, page 117)
 - **New community detail in trawl CV LLP license ownership discussion (page 117)**
 - BSAI Pcod trawl \geq 60' CV non-transferable AI endorsed licenses (Table 2-57, page 119)
 - CV and LLP license ownership cross-walk (Table 2-60, page 121)
 - CV ownership and homeport cross-walk (Table 2-63, page 123)
 - BSAI Pcod trawl $<$ 60' CV transferable AI endorsed licenses (Table 2-58, page 120)
 - CV and LLP license ownership cross-walk (Table 2-61, page 122)
 - CV ownership and homeport cross-walk (Table 2-64, page 123)



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Effects on Fishing Communities

■ Modifications to Section 2.7.9 Fishing Communities (continued)

■ New section on CDQ ownership interest relevant BSAI trawl CVs

- Ownership interest listing by CDQ group (page 124)
- Correspondence of CDQ group ownership interest with community of CV ownership, CV homeport, and community of LLP license ownership (Table 2-65, page 125)

■ More minor updates made to:

- Discussion of historical CDQ ownership interest in shore-based processors accepting relevant deliveries of BSAI Pcod (page 128)
- Discussion of historical reallocations of BSAI Pcod from the trawl sector to the < 60' HAL/Pot sector(s) and incremental contribution to small vessel fishing portfolios (page 135)
- Income data for Alaska communities engaged in the BSAI Pcod CV trawl fishery (Table 2-72, page 136)
- Summary of “Other Alaska Communities” engagement in the non-CDQ BSAI Pcod CV trawl fishery (page 143)



SUMMARY OF EFFECTS OF ALTERNATIVES

■ Effects on Fishing Communities

■ Modifications to Section 2.9.5 Effects on Fishing Communities

■ New discussion of potential impacts to CDQ entities and constituent communities (page 329)

- 11 BSAI trawl CVs currently owned in part by four CDQ groups representing 58 CDQ communities have regularly pursued a strategy of leasing out their Pacific cod sideboard allocations to develop a revenue stream for the CDQ groups
- Neither Option 2.2.4 nor the unnumbered suboption under Element 7.1, which could potentially serve to protect the interests of the CDQ groups in this situation, are a part of either Alternative 2a or Alternative 2b

■ More minor updates made to:

- Discussion of potential impacts related to potential reduction or discontinuation of historical patterns of reallocations of BSAI Pcod from the trawl sector to the < 60' HAL/Pot sector(s) (pages 329-330)
- Section 2.9.6 Effects on Fishing and Processing Crew
 - Alternative 1 processing crew discussion (pages 331-332)
 - Alternatives 2a and 2b fishing crew discussion (page 332)



SUMMARY OF EFFECTS OF ALTERNATIVES

- The proposed PCTC program would change monitoring requirements for participating trawl CVs to:
 - Full observer coverage (carry an observer on all trips);
 - Retain all allocated groundfish species;
 - After sampling is completed by an observer, discard all PSC;
 - Computer with ATLAS and at-sea transmission capabilities for observers to enter, transmit data, and communicate with NMFS
 - Required completion and submission of logbook;
 - Deliver all catch to a processor that has a NMFS-approved CMCP
- Effects on Monitoring and Enforcement (Section 2.9.10) begins on page 336
- Table 2-161 provides a summary of the initial look at the effects of the action. These impacts will be further analyzed in subsequent analyses and additional monitoring requirements may be added to address components of this program as they are identified.



SUMMARY OF EFFECTS OF ALTERNATIVES

Impacts on Partial Observer Coverage Category: Observer Fees

- Alternative 1: 1.65 % of the ex vessel value is collected on landings of groundfish and halibut by vessels in partial coverage
- Alternative 2a and 2b: landings would not be subject to an observer fee which is likely to overall reduce fee revenues
 - Deployment of observers is funded through a system of fees from vessels not in the full coverage category
 - Procurement of observer fees would shift from the partial coverage category service delivery model (federal contract and fee system) to a full coverage service delivery model (pay-as-you-go)
 - To evaluate the impact on observer fee revenues, the portion of fee revenues that would have been part of this program during 2013-2019 were analyzed based on trawl vessels that target Pacific cod in the BSAI



SUMMARY OF EFFECTS OF ALTERNATIVES

Impacts on Observer Fee Revenue (Table 2-162)

Year	Fee revenue that would have moved to PCTC		All other partial coverage		Total Observer Fee Revenue
	Fee Revenue	% of total fees	Fee Revenue	% of total fees	
2013	\$60,071.56	1.52	\$3,891,993.30	98.48	\$3,952,064.86
2014	\$80,512.12	2.54	\$3,088,269.68	97.46	\$3,168,781.80
2015	\$112,229.46	3.12	\$3,487,865.39	96.88	\$3,600,094.85
2016	\$167,208.39	4.65	\$3,429,165.71	95.35	\$3,596,374.10
2017	\$116,949.11	3.06	\$3,704,314.31	96.94	\$3,821,263.42
2018	\$93,064.60	2.73	\$3,314,597.69	97.27	\$3,407,662.29
2019	\$97,503.04	3.37	\$2,797,936.18	96.63	\$2,895,439.22

Overall: An average of 3% of fees that would have moved to PCTC which results in a reduction in observer fee revenue

SUMMARY OF EFFECTS OF ALTERNATIVES

Impacts on Partial Observer Coverage Category: partial coverage fishing effort

- Alternative 1: ADP specifies observer deployment rates for vessels in partial coverage category
- Alternative 2a and 2b: trawl fishing effort would not be included in the Observer ADP, reducing effort in the partial coverage category
- For 2013 to 2019: range of 54 to 275 days (1.33 to 6.29 percent) and an average of 3.8 percent
- Overall:** 3 percent loss in observer fees and 3.8 percent fewer monitored days in partial coverage category, resulting in a reduction in the number of trips in the partial coverage that would be factored into the ADP budget

Impacts on Partial Observer Coverage Category: Table 2-163

Year	Number of partial coverage monitored days that would have moved into the PCTC Program	% of partial coverage monitored days that would have moved into the PCTC Program
2013	63	1.92
2014	54	1.33
2015	215	4.62
2016	276	6.29
2017	141	5.37
2018	121	3.00
2019	195	4.11



SUMMARY OF EFFECTS OF ALTERNATIVES

Impacts on Vessel Owners and Fishery Participants: Trawl CV costs for Observer Coverage

- Alternative 1: Partial coverage pays a 1.65% observer fee. For those that 'opt in' to full coverage there are direct monitoring costs
- Alternative 2a and 2b: All CV's (except those delivering unsorted codends to motherships) are in the full coverage category with direct monitoring costs
- To evaluate the impact on observer coverage cost, the number of vessels and monitored days that would have been part of this program during 2013-2019 were analyzed (includes vessels that 'opt in' and vessels that would have moved into full coverage had the program existed)



SUMMARY OF EFFECTS OF ALTERNATIVES

Impacts on Vessel Owners and Fishery Participants: Trawl CV costs for Observer Coverage

Year	Number of Vessels			Estimated Number of Monitored Days			Estimated Full Coverage Observer Costs	
	Voluntary full coverage vessels that would remain as full coverage under PCTC	New full coverage vessels that would move from partial coverage into PCTC	Total number of PCTC vessels	Voluntary full coverage days that would remain as full coverage under PCTC	New full coverage days under PCTC	Total PCTC full coverage days	Estimated cost per day	Estimated fleet-wide cost
2013	35	15	50	1,330	462	1,792	\$367	\$657,664
2014	30	14	44	1,182	463	1,645	\$371	\$610,295
2015	23	22	45	697	871	1,568	\$375	\$588,000
2016	23	24	47	558	1,098	1,656	\$383	\$634,248
2017	24	25	49	547	706	1,253	\$385	\$482,405
2018	28	28	56	636	691	1,327	\$382	\$506,914
2019	18	33	51	361	606	967	\$385	\$372,295

SOURCE: NMFS Catch Accounting System. *Cost per day of full coverage from Observer Program Annual Reports, available online



SUMMARY OF EFFECTS OF ALTERNATIVES

Impacts on Vessel Owners and Fishery Participants: Trawl CV costs for Observer Coverage

Summary for industry costs for observer coverage using **2019** data from Table 2-162 and 2-164

Vessel Category	Number of vessels	Estimated annual cost for observer coverage	
		Cost under Status Quo	Estimated “pay-as-you go” costs under PCTC (using \$385 average cost / full coverage day)
Vessels that opted into full coverage and will remain in full coverage under PCTC	18	\$138,985 Estimated “pay-as-you” costs for observer coverage	\$138,985 Average amount = \$7,721 / vessel
Partial coverage vessels that would be new to full coverage under PCTC	33	\$97,503 paid in observer fees* Average amount = \$2,954 / vessel	\$233,310 Average amount = \$7,070 / vessel



SUMMARY OF EFFECTS OF ALTERNATIVES

Impacts on Vessel Owners and Fishery Participants: ATLAS and Data Transmission

- Alternative 1: ATLAS and transmission equipment for some vessels in full coverage
- Alternative 2a and 2b: ATLAS and data transmission equipment *required* for all CVs
- Summary of vessel categories and data transmission capabilities:

Vessel Category	Currently required by regulation?		Vessel Count
	Computer with ATLAS	Data Transmission	
≥125 LOA	Yes	Yes	11
<125 and AFA eligible	Yes	No (although at least 31 have at-sea transmission capabilities and may voluntarily provide it)	39
<125	No	No	17
Total			67

Source: NMFS April 2020, table originates from BSAI_Trawl_Open_Access_2018_to_2021



SUMMARY OF EFFECTS OF ALTERNATIVES

Impacts on Vessel Owners and Fishery Participants

- Voluntary full coverage
 - Alt 1: trawl CVs may annually request to be in the full coverage category
 - Alt 2: Depending upon the PCTC program and the remaining trawl fisheries in the BSAI, the regulations authorizing trawl CVs to annually request placement in the full coverage category may no longer be needed.
- Gear conversion
 - Alt 1: CV's fishing pot gear are in the partial coverage category
 - Alt 2: Depending on how the Council approaches Element 14, monitoring requirements would need to be developed for vessels using pot gear to harvest allocated species

Impacts on Shoreside Processors

- Alt 1: landings are reported by processors via eLandings. Reporting requirements specified at 50 CFR §679.5
- Alt 2: All landings are reported by processors via eLandings. Catch of allocated species would be required to be sorted by species and weighed on a state of Alaska certified scale that has capabilities to print an unalterable record of the weights

SUMMARY OF EFFECTS OF ALTERNATIVES

Impacts on Observer Providers

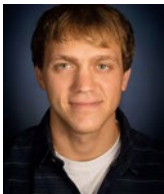
- Alt 1: Coverage days are split between one NMFS-contracted observer provider for vessels in PC and four permitted observer providers for full coverage
- Alt 2: All observer coverage days under the PCTC Program would be contracted with a permitted observer provider.

Agency Costs

Category	Alternative 1	Alternative 2a and 2b
RAM	Staff time to issue FFP's	Additional staff time to process and issue annual CQ applications and transfers
Observer program	Observer training and debriefing	Additional costs for training and debriefing if the program increases the number of observer deployments
ISD and application development	Annual updates to the CAS and maintenance of existing applications	Development of applications for PCTC Program QS issuance and transfers, monitoring use caps, and any additional programming changes needed
Annual Cost Recovery billing process	None	Staff time spent calculating and publishing standard prices and to administer billing
Enforcement	See Table 2-166	See Table 2-166

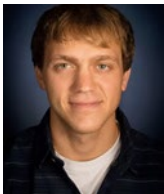
SUMMARY OF ENVIRONMENTAL ASSESSMENT

- Overall, the EA of the current alternatives did not identify any significant effects on the biological, physical, or human environment.
- The sections presented in this EA focus on Pacific cod (Section 3.2), incidental catch (Section 3.3), Prohibited Species Catch (PSC) (Section 3.4), and marine mammals (Section 3.5).



SUMMARY OF ENVIRONMENTAL ASSESSMENT

- *Pacific cod*
 - Not likely to alter Pacific cod stocks beyond what has already been considered.
- *Incidental catch*
 - Not likely to substantially alter incidental catch in the fishery.
 - May need to readdress depending on the gear conversion element.
- *Prohibited Species Catch*
 - Impacts on PSC species are not expected to be significant
 - May need to readdress depending on the gear conversion element.



SUMMARY OF ENVIRONMENTAL ASSESSMENT

- *Marine Mammals*
- Incidental Take
 - Action not expected to substantially alter incidental take in the fishery.
 - May need to readdress depending on the gear conversion element.
- Prey availability
 - Action unlikely to have significant impacts if no changes in seasonal allocation.
- Disturbance Effects
 - Action unlikely to have significant impacts.

